



**Livestock and Seed Program
Audit, Review, and Compliance Branch
Quality System Audit Report**

Applicant: California Crop Improvement Association (CCIA)
Program : National Organic Program - 2003 Onsite and 2003 Annual Update Audits -
Corrective Action Report
Location(s): Davis, CA
Audit Date(s): February 2, 2004
Audit File Number: NP3050DA and NP3273DA
Action Required: No
Auditor(s): Steve Ross
Contact & Title: F.J. (Chip) Sundstrom - Executive Director
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AUDIT ACTIVITIES

On February 2, 2004 a representative of the USDA, AMS, LS Audit, Review, and Compliance (ARC) Branch conducted a review of corrective action documents submitted by the California Crop Improvement Association (CCIA) Organic Certification Program, Davis, CA to verify continued compliance to the USDA, AMS 7 CFR Part 205, National Organic Program (NOP). The documentation was submitted in response to audit reports **NP3050DA and NP3273DA**. F.J. Sundstrom, Executive Director of CCIA submitted the information on January 22, 2004. Information submitted by CCIA included:

- Supporting letter from the Executive Director dated January 22, 2004
- New Conflict of Interest declaration for the Executive Director
- Certificate showing that Foundation Seed located in Davis, CA is now certified by California Certified Organic Farmers (CCOF)

FINDINGS

The review of all material submitted by CCIA for the Hold Point and Continuous Improvement Point non-compliances shows that adequate information was supplied. The audit documentation is on review as **(NP3273DA Audit Docs 01.22.04)**

NP3050DA.NC1 - HOLD POINT- ADEQUATELY ADDRESSED - Section 205.501(a)(11)(iii) - A private entity accredited as a certifying agent under this subpart must prevent conflicts of interest by: Not permitting any employee, inspector, contractor, or other personnel to accept payment, gifts, or favors of any kind, other than the prescribed fees. *Foundation Seed works in conjunction with the University of California, Davis, to develop seed. Foundation Seed had as its' director Chip Sundstrom, who is also the Director of CCIA. Until November 01, 2002, Foundation Seed provided CCIA with 20% of his CCIA Director salary. As of November 1, 2002, Chip resigned the position as the Director of Foundation Seed, however Foundation Seed has agreed to provide 20% of the Directors salary to University of California Davis for a two year "transition period."* *Foundation Seed is a certified client of CCIA.* **Submitted Corrective Action:** CCIA cannot alter the funding for the current director, therefore CCIA agrees that this poses a conflict of interest and needs attention. CCIA has contacted California Certified Organic Farmers Certification Services (CCOF) to become the certifying agent of Foundation Seed. CCOF is currently in the certification process and has notified Foundation Seed (the week of September 22nd, 2003) that their application has been approved and an inspector will be contacting them for their onsite

inspection. **Further Required Action:** Until Foundation Seed is certified by CCOF this Hold Point remains in effect as Foundation Seed is still officially certified by CCIA. CCIA needs to submit to this auditor notification as to when Foundation Seed has been certified by CCOF. **Additional Corrective Action Submitted:** CCIA submitted a Certificate from CCOF showing that Foundation Seed is now certified by CCOF thus relieving CCIA of the conflict of interest. The supporting letter from Mr. Sundstrum indicated that Conflict of interest would cease to exist on January 1, 2005 as foundation seed will no longer be paying any of his salary or benefits.

NP3273DA.NC2 – CIP - Adequately Addressed - §205.501(a)11 requires the submission of a conflict of interest disclosure report ... that must identify any food-or- agriculture-related business interests...that cause a conflict of interest. *The Executive Director submitted a conflict of interest statement with no conflicts identified. Presently, CCIA has a hold point issued from the onsite audit that revealed that the Executive Director has a direct conflict of interest with Foundation Seed. Foundation Seed supplies funding for the Executive Director position.* **Submitted Corrective Action:** The Executive Director submitted a new conflict of interest disclosure report that now lists Foundation Seed as a conflict of interest. The supporting letter from Mr. Sundstrum indicated that conflict of interest would cease to exist on January 1, 2005 as foundation seed will no longer be paying any of his salary or benefits.

NP3273DA.NC3 – CIP – Withdrawn - 205.510(a)(4) requires the certifying agent to submit an annual program review and a description of adjustments to the certifying agent's operation and procedures implemented or to be implemented in response to the performance evaluations and program review. *The program review submitted by CCIA did not address procedures to be implemented to improve the performance of program needs.* **Reason for Withdrawal:** After further review and discussion with the NOP, it was determined that CCIA was in compliance with the program review.

RECOMMENDATIONS

I recommend that the Hold Point and CIP issued for California Crop Improvement Association be removed and CCIA accreditation be continued with surveillance by appropriate members of the USDA.